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PROGRAMME EVALUATION

National Execution

Report of the Administrator

Summary

The present report responds to paragraph 7 of Governing Council decision 91/27 of 21 June 1991, in which the Governing Council requested the Administrator to report on (a) guidelines concerning national execution and strategies for national capacity-building and (b) the implementation of procedures for the accounting, reporting and auditing of nationally executed programmes and projects; and to review the issue of delegation authority to Resident Representatives for the approval of nationally executed programmes and projects.

A summary of the various guidelines is provided in the present report. In the case of national capacity-building strategies, the document indicates the steps being taken by UNDP to formulate appropriate guidelines. All guidelines will be field-tested and then revised for inclusion in the Programme and Projects Manual.

The Administrator also brings to the attention of the Governing Council his intention to extend to Resident Representatives the authority to designate national execution modalities, in consultation with governments and as appropriate with relevant United Nations specialized agencies, for those

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projects which are within the delegated approval authority of the Resident Representative. This step will help to harmonize approval actions at the country level.

I. INTRODUCTION

1. In its decision 91/27 of 21 June 1991, the Governing Council requested the Administrator to develop, in consultation with agencies and Governments, guidelines covering:

(a) Assistance to Governments in the formulation and implementation of national capacity-building strategies relating to all stages of the programme/project cycle;

(b) The respective roles of the United Nations Development Programme, including field offices and the Office for Project Services, agencies and recipient Governments in all aspects of national execution and implementation;

(c) Utilization for national execution of the relevant technical support resources agreed upon in decision 91/32 of the Governing Council on support costs successor arrangements.

2. The Council also requested the Administrator to:

(a) Report to the Governing Council at its thirty-ninth session (1992) on the above-mentioned guidelines and on the implementation of procedures for the accounting, reporting and auditing of nationally executed programmes and projects;

(b) Review the issue of delegation of authority to the Resident Representative for the approval of nationally executed programmes and projects, in the light of the ongoing process of decentralization to the field level, and present specific proposals to the Governing Council at its thirty-ninth session (1992).

3. The present report is submitted to the Governing Council in response to these various requests. The Administrator's further proposals or suggestions are contained at the conclusion of each section.

II. CAPACITY BUILDING

4. The UNDP mandate is to assist developing countries to build national capacities in order to achieve self-reliance. General Assembly resolution 2688 (XXIV) of 1970, the Consensus, translated this basic principle into an operational framework for UNDP and the United Nations specialized agencies. Governing Council decision 90/34 of 23 June 1990 on the fifth programming cycle reaffirmed the focus of UNDP on building capacity with a particular emphasis on six areas of focus. The body of existing UNDP policies and progamming guidelines reflect UNDP's ultimate aim of building national capacities. These have always emphasized that assistance for capacity-building should be aimed not directly at meeting production or output

targets but at establishing or further developing the country's capacity to meet those targets, especially by making human resource development the central concern of UNDP.

5. Recent General Assembly resolutions on operational activities of the United Nations system in particular (44/211 of 22 December 1989 and 46/219 of 20 December 1991) and Governing Council decisions (including 91/27 on national execution) have stressed national ownership of the development process and the importance of providing support for capacity-building on the basis of a programme approach. In strengthening its support of national programmes and national ownership, UNDP will increasingly address capacity-building in the context of comprehensive national programmes of a sectoral and multisectoral nature.

6. In addition to existing guidelines, UNDP is formulating a more strategic approach to capacity-building. Preliminary guidance to field offices concerning this approach is expected to be provided in the second half of 1992. In the meantime, UNDP has prepared a working paper on capacity-building, which will be made available to the Governing Council as a conference room paper. The paper will provide the basis for the preparation of future guidance to the field, including approaches for the assessment of capacity. It is recognized that the assessment of capacity will need to be performed ex ante, including in the context of national execution as specified in paragraph 18 below, as well as ex post, in terms of the capacity that will be built and sustained after UNDP and other assistance has terminated.

7. The guidance to be provided to the field will be part of a package of mutually supporting UNDP initiatives that include successor arrangements for agency support costs, national execution, programme approach, and revised procedures for monitoring and evaluation. All these initiatives have the ultimate aim of supporting capacity-building in the context of nationally owned programmes.

8. UNDP fully recognizes the importance of capacity-building in the context of sustainable development. Following upon UNDP's contribution to the discussions of capacity-building in the Preparatory Committee for the United Nations Conference on Environment and Development (UNCED), UNDP will continue to support developing countries in their efforts to build national capacities for sustainable development at the level of government, non-governmental institutions and through the establishment of mechanisms for the participation of a broad range of community organizations.

9. Two Special Programme Resources (SPR) categories are also relevant to the development of the UNDP strategic approach to capacity-building: E3. Programme research will be supporting analytical work on capacity-building while D4 Country Programme Initiatives will be supporting initiatives relating to the application of the programme approach. Capacity-building is a complex subject and definitive guidelines will need to take into account progress with these SPR initiatives as well as the work on revised monitoring and evaluation procedures.

10. The overall UNDP strategy for capacity-building will provide a unifying framework for existing UNDP mechanisms such as the round-table process, the Management Development Programme (MDP) and national technical cooperation assessment and programmes (NATCAPs). It will also build upon the important upstream role which the United Nations specialized agencies are expected to play, under the successor arrangements, at the level of policy and programme formulation. Also to be taken into account are the recommendations of evaluations conducted in 1990-1991 and endorsed by the Governing Council in decision 91/26 of 25 June 1991 relating to NATCAPs and UNDP support to the building of aid coordination capacity in least developed countries (LDCs).

11. UNDP recognizes the long-term and complex nature of capacity-building and the need for developing countries to develop their own long-term perspectives. It also recognizes a distinction between capacity-building and institution-building. The latter is generally specific to one organizational entity and has the aim of improving the effectiveness of the institution concerned. Capacity-building, however, need not be confined to one institution but can refer to the strenthening of national capacities across institutions and also across sectors, for example, in areas such as policy formulation, scientific research, information technology and financial management. In addition to addressing both institutional and broader capacity-building requirements, UNDP will also take account of the need to strengthen the enabling environment, without which such capacities may not be sustained.

12. Drawing on it neutrality and multilateral perspective, UNDP will target its contribution to a growing extent in the upstream areas of policy dialogue and support to governments in the preparation of strategies and programmes of a sectoral or multisectoral nature. The strategic entry points at which UNDP will interface with national systems will increasingly be the following: (a) dialogue on overall goals and policies, sectoral strategies and programmes; (b) assistance to governments to strengthen their capacities to define and prepare national programmes; and (c) integration of global priorities and initiatives (e.g., the World Declaration on Education for All) in national strategies and programmes.

III. NATIONAL EXECUTION: THE ROLES OF UNDP, THE FIELD OFFICES, THE OFFICE FOR PROJECT SERVICES, UNITED NATIONS SPECIALIZED AGENCIES AND GOVERNMENTS

13. Guidelines specifying the roles of the various partners in the national execution process have been issued as part of the overall set of guidelines provided to the field and to United Nations specialized agencies for the implementation of the successor arrangements for agency support costs. They will be updated after a period of testing and experience in the field and then incorporated in the relevant sections of the UNDP Programmes and Projects Manual.

14. The roles of various partners in execution and implementation in the national execution context fully reflect the compartive advantages of each of the partners and optimizes the United Nations system's contribution to a

national development goal. The successor arrangements to agency support costs facilitate the performance of these roles and are thus an important aspect of a revitalized tripartite system.

15. The guidelines seek to bring together the decentralized country-level support of the UNDP field office and the United Nations system's expertise in facilitating the national management of development programmes/projects.

16. In identifying the various but complementary roles that each partner has to perform, the policy framework deals with development programmes/projects at three levels: ownership, execution and implementation. These terms are defined in the guidelines as follows:

(a) All development programmes/projects are nationally owned, directed and controlled and the establishment of priorities, achievement of development objectives of programmes and projects and sustainability of results produced are the exclusive responsibility of the government;

(b) Execution entails the overall management of the programme/project, along with the assumption of responsibility and accountability for the production of outputs, achievement of programme/project objectives and for the use of UNDP resources. It can be undertaken by national entities (including intergovernmental organizations not part of the United Nations system, in the context of intercountry activities) or by international organizations;

(c) Implementation entails the procurement and delivery of programme/project inputs. Increased choice and access to a variety of agents providing implementation services are therefore possible. Such implementing agents could include national institutions or government departments, United Nations organizations, non-governmental organizations (NGOs) and/or private sector firms (national or international). Implementing agents are accountable to the executing agent for the quality and timeliness of project inputs assigned to them for implementation; for carrying out project activities entrusted to them; for their optimal contribution to production of the related outputs and for the appropriate use of resources allocated to them.

17. Execution and implementation arrangements are to be determined during project design, taking into account government policies, country-specific factors and the requirements of the project as a whole. While this determination process is carried out jointly by the government and UNDP in consultation with relevant agencies, the authority for the final designation of executing and implementing agents shall rest with the Administrator.

18. In designating the executing agent of a project, the guidelines indicate that first consideration shall be given to national entities. In the context of intercountry activities, these entities may include intergovernmental organizations of the countries concerned and which are not part of the United Nations system. In designating the executing agent, the following shall be taken into account:

(a) Availability of managerial and organizational capacity to carry out the functions associated with execution;

(b) Existence of technical capacity to exercise oversight and supervision of project activities;

(c) Willingness and commitment of the national entity being considered to undertake the responsibilities and to be accountable to UNDP - such accountability covers both substantive and financial aspects.

In making these assessments, the Administrator will seek, as appropriate, the views of relevant agencies according to their particular knowledge of and familiarity with the national entities under consideration. It should be noted that lack of technical capacity to supervise all aspects of a project need not bar the designation of a national entity as an executing agent provided that other conditions mentioned above have been met and that the necessary technical support from the relevant agency is secured.

19. The national entities designated for execution should usually be those most proximate, in a substantive sense, to the project activities. The technical ministry/department concerned should be associated with the execution of the programme/project, if the government has nominated the central coordinating ministry as executing agent. In all cases, the guidelines require that particular attention be paid to management arrangements for the programme/project. Where the scale of project activities permits, a full time manager should be appointed to carry out execution responsibilities. Such a manager of the programme/project should be accountable to the executing agent for effective management, in both substantive and financial terms.

20. In the event that no suitable national entity is designated as executing agency, a relevant United Nations agency should be designated. In making this determination, the technical and managerial requirements of the project and the willingness of the agency to undertake these responsibilities should be considered.

21. The executing agent determines the implementing agent, subject to the approval of UNDP. This should normally occur during the project design phase and before the approval of the project. The primary determinants of implementing agents are effectiveness, quality of services and relevance to the project.

22. Under both national execution and execution by a United Nations organization, full consideration should be given to national institutions as implementing agents, including governmental and other national units most directly involved in the project activities. Use of national implementing agents is particularly advisable when it would facilitate the effective integration of project activities with national and governmental processes and thus enhance sustainability. Technical support to national implementing agents may be obtained from United Nations specialized agencies. Agencies will continue to be an important source for the provision of implementing services to UNDP and governments. The availability of services from agencies should be taken into full consideration and brought to the attention of the executing agent and the government.

23. Based on these definitions, the roles and consequent responsibilities of the various partners are set out in the following paragraphs.

24. The role of government. All development projects are nationally owned, directed and controlled. The government has, therefore, exclusive responsibility for the establishment of priorities, the achievement of development objectives of programmes and projects and the sustainability of results so produced. The government may propose executing and implementation arrangements at the time of project design. In so doing, it will consult with UNDP and relevant United Nations organizations. Suitable national entities will be given first consideration as executing agent. This will involve overall management of the programme/project objective and assumption of accountability to UNDP for the production of outputs and objectives and for the use of UNDP-provided resources.

25. When implementation is undertaken by national entities, they are accountable to the executing agent for optimal use of the resources entrusted to them; for the procurement of assigned project inputs; for carrying out project activities entrusted to them; and for making an optimal contribution to the production of related outputs. In their implementation role, government departments and entities are accountable to the executing agent for providing timely and quality inputs, for carrying out project activities and for contributing to the production of outputs.

26. The role of United Nations specialized agencies. The policy framework for the successor arrangements for agency support costs seeks to strengthen the policy advisory role of the specialized agencies and their technical focus while keeping to a necessary minimum their involvement in providing administrative and operational services. The framework thus provides for the utilization of the technical capacities of agencies by their participation in various stages of the programme and project cycle.

27. In the upstream stages, agencies will contribute through involvement in: policy dialogue and sectoral advice to governments through sectoral studies and consultations; aid coordination activities through participation in technical cooperation assessments and formulation exercises; design and formulation of national development and sectoral programmes.

28. In the project formulation stage, agencies may be called upon to provide technical expertise in designing and developing technical cooperation projects. They may also be called upon for assistance in the appraisal of projects formulated by national entities and submitted to UNDP for financing.

29. When the project is operational, an agency may be called upon to:

(a) Act as executing agent of a project;

(b) Provide technical monitoring and backstopping services, irrespective of execution and implementation arrangements;

(c) Provide technical support to the executing agent, when a project is designated for national execution; and

(d) Act as implementing agent for the entire project or part of it at the request of the executing agent and/or provide technical support to national implementing agencies.

30. The role of UNDP. As a multilateral funding agency supporting technical cooperation for development, UNDP responds to government requests for building and strengthening national capacity, including the coordination of external assistance and by ensuring that operational arrangements reflect the principles of tripartite partnership irrespective of execution modalities.

31. UNDP will use the expertise of the organizations of the United Nations system in:

(a) Policy dialogue and sectoral advice to governments, through sectoral studies and consultations;

(b) Aid coordination activities through their participation in technical cooperation assessments and formulation exercises; and

(c) Design and formulation of national development and sectoral programmes.

32. UNDP has the final authority to approve execution and implementation modalities. UNDP is also responsible for the appraisal of UNDP-financed projects as this is a critical aspect of the Administrator's accountability. UNDP is responsible for ensuring that projects are relevant to national priorities, plans and programmes as well as to the global norms, policies and objectives of the United Nations. UNDP will also ensure that its resources are used in a cost-effective and efficient manner in order to have maximum impact. UNDP will therefore exercise a continuous oversight function consistent with this responsibility and will provide such guidance and support as is necessary. In performing this role, UNDP will utilize the capacities of the United Nations system in providing, inter alia, backstopping or monitoring services irrespective of execution and implementation modalities. When a project is designated for national execution, UNDP will bring to the attention of national authorities the capacities of the United Nations system to provide technical oversight and supervision for the purpose of assisting UNDP to meet its substantive and programme accountability.

33. The UNDP field office plays a supportive role in the execution and implementation of projects financed by UNDP. This may include providing administrative support in project execution and accountability functions and facilitating implementation. In addition the field office provides relevant information to permit recipient countries to assume responsibility for national execution.

34. In association with the relevant United Nations specialized agency, UNDP also provides assistance, as appropriate, to governments to enhance their execution capacity in both central and sectoral areas concerned with technical cooperation. Such support can include the training of national staff, the

strengthening of institutional capacities needed by governments to assume execution responsibilities and the provision of information to national implementing agents to facilitate their understanding of international procurement requirements.

35. The role of the Office for Project Services (OPS). The involvement of OPS as an implementing or executing agency will depend upon the demand from the recipient countries. The OPS role is, inter alia, to assist in strengthening national implementation capabilities and to transfer its expertise in management and management support services to recipient countries.

36. In the support of nationally executed projects, OPS can assist as an implementing agency through the provision of services such as the administration of funds and financial reporting to UNDP, the provision of specified inputs and the provision of management support services. OPS can also assist in the design and implementation of projects irrespective of the execution modality. OPS will also assist in building specific implementation capacities in the process of executing or implementing specific projects.

IV. NATIONAL EXECUTION AND GUIDELINES FOR THE IMPLEMENTATION OF SUCCESSOR ARRANGEMENTS TO AGENCY SUPPORT COSTS

37. As explained in paragraph 7 above, the successor arrangements to agency support costs are an integral part of a policy package which includes new initiatives relating to national execution, the programme approach and a renewed emphasis on capacity-building for development activities.

38. The recently issued guidelines for the successor arrangements for agency support costs also include guidelines for the determination of execution and implementation arrangements, including in relation to national execution. These guidelines specify, inter alia, the resources available under, and the procedures for the use of, the relevant technical support services (TSS-1 and TSS-2).

39. The guidelines recognize the roles that United Nations specialized agencies can play in the upstream development of sectoral and sub-sectoral programme frameworks and in identifying overall capacity constraints. The resources of TSS-1 being targeted at the sectoral and sub-sectoral level include policy dialogue and advice to governments, aid coordination activities such as the round-table and country programming processes and thematic evaluations. Such studies and advice will greatly facilitate national execution decision-making by including capacity assessments as part of their concern. The greater utilization of national capacity depends on a comprehensive recognition of what exists and what needs to be developed or strengthened.

40. The TSS-2 facilities are provided to ensure that the highest quality is maintained in UNDP-financed projects. They will thereby assist the Administrator to discharge his accountability to the Governing Council for the quality of assistance provided, especially in the context of national execution. Provided primarily to facilitate technical monitoring and backstopping during project implementation, they are intended to ensure mid-course correction and technical quality.

41. The guidelines stress that the need for the type, quality and timing of all technical support services should be assessed at the design stage. This will permit taking account of other resources to supplement and complement the use of TSS-2 facilities. The guidelines also specify how TSS-2 can be incorporated into project budgets and provide useful rules of thumb to facilitate this process.

42. The guidelines recognize that agencies not subject to the new regime do not have access to the financial facilities established as part of that regime. As a consequence, for nationally executed and implemented projects, arrangements should be made to ensure the availability of agency technical services to government and UNDP. UNDP offices are encouraged to facilitate the use of UNDP resources from indicative planning figure (IPF) and other programme resources for this purpose. This is particularly important as most agencies not subject to the new regime do not have field representation.

V. FINANCIAL ACCOUNTING AND REPORTING

43. As requested by the Governing Council in its decision 91/27, the Administrator is pleased to report on the implementation of procedures for the accounting and reporting of nationally executed programmes and projects.

44. The Governing Council will recall that, pursuant to decision 88/18 of 1 July 1988, revised accounting, reporting and auditing procedures were implemented effective 1 January 1989. These procedures were implemented with the objectives of:

(a) Removing obstacles that impede the ability of governments to comply with appropriate policies and procedures;

(b) Removing much of the uncertainty as to the propriety of national execution expenditure and operating fund balances; and

(c) Allowing for a more precise correlation between the actual rate of programme delivery and that indicated by the financial records.

45. In order to respond to the Governing Council's request for a report on accounting procedures, the Administrator conducted in 1991 a survey of field offices and all UNDP executing agencies. The field office selection was based upon experience with national execution and regional representation. The survey sought comments on:

(a) Whether the revised accounting procedures implemented on 1 January 1989 were an improvement over the previous procedures;

(b) What, if any, were the implementation difficulties experienced by either Government or UNDP field offices; and,

(c) Any needs and/or recommendations with respect to the revised procedures.

Field offices were instructed to develop their responses in full consultation with Governments.

46. The Administrator is pleased to report that the survey confirmed that the revised procedures were an improvement over the previous procedures in that:

(a) They were considered simpler and easier to follow. In particular, this was due to the introduction of a more cost-effective division of labour, whereby the disbursing organization reported directly to UNDP. This reduced the reporting required from governments, especially where a significant proportion of the disbursements, although authorized by the Government, were made by United Nations agencies and UNDP;

(b) The implementation of the new procedures was accompanied by considerable support through training missions and the provision of manuals and guidelines; and

(c) Comprehensive audit guidelines were provided and these guidelines provided for, inter alia, a management audit.

47. Notwithstanding these significant improvements, the survey also highlighted the continuing need for training government and UNDP field staff. This need is particularly prevalent in countries where there is frequent rotation of government and project staff. During the past three years, government and UNDP staff from 60 countries have been trained in the revised procedures. This effort will continue and will include the development of a training of trainers programme in conjunction with the International Labour Organisation (ILO) Training Centre in Turin.

48. The responses received from governments and field offices identified the need to improve the flow of information between governments, field offices and agencies with particular reference to frequency, timeliness and quality of financial reporting. This aspect will be reviewed within the context of the successor arrangements for agency support costs and will include further discussions with the agencies.

49. Concern was expressed by field offices with respect to the processing time and consequent distribution delays of financial reports resulting from the centralization of control at UNDP headquarters. This processing time and the distribution delays have now been minimized and UNDP is confident that, with adequate planning on the part of field offices and governments and the implementation of support systems, reporting and auditing timetables can be met.

50. UNDP has initiated the development of a computerized financial management support system for nationally executed projects. It is expected that this decentralized system will further ease administrative and reporting requirements through the provision of systems support to both governments and field offices. The objectives include improved and more timely access to financial information, increased local autonomy and improved auditability; they also respond to the Administrator's need for accountability and full financial management and control.

51. In summary, the conclusions from the survey are that the procedures have been simplified to a significant degree. However, simplification is only one of many goals in system improvement. Goals such as efficiency, effectiveness, and the maintenance of controls are also important. Continued efforts by UNDP to provide training in the revised accounting procedures, as indicated in paragraph 47 above, are thus an important corollary to the simplification.

VI. AUDIT OF NATIONALLY EXECUTED PROJECTS: GOVERNMENT ACCOUNTABILITY AND AUDIT

52. From 1972-1982, the slow growth of rational execution did not cause significant concern as to financial accountability and audit issues. With the ensuing growth of the modality, UNDP required governments to submit annual audited financial reports on the expenditures and funds available for every nationally executed project. In the report of the Administrator on government execution (DP/1988/19/Add.2) which contained the results of a study on compliance with the audit procedure, it was revealed that overall delinquency rates by governments exceeded 90 per cent. Because of the uncertainty of the integrity of the financial information, a major consequence of this high rate of delinquency was the qualification of the UNDP financial statements.

53. The study also revealed the need for clearer guidance by UNDP field offices and by the coordinating authorities as to the exact nature of the governments' financial accountability and the audit requirements. To improve the situation, the Governing Council, in its decision 88/18 of July 1988, approved the establishment of an Audit Section within the Division for Audit and Management Review to deal exclusively with the question of auditing nationally executed programmes and projects. Accordingly, a Government Execution Audit Section was established in mid-1989. The functions of the Section are to administer and monitor the audit process for government-executed projects.

54. As a first step, it was necessary to issue a comprehensive set of audit requirements that governments as executing agencies would follow in order to provide UNDP with reasonable assurance that its resources are being managed in accordance with all pertinent financial regulations, rules and procedures. The requirements were tested by government authorities, national project management, government auditors and UNDP field offices.

55. In addition to the comprehensive set of audit requirements, it was found necessary to undertake a major sensitizing effort in late 1989 and early 1990. A large portion of the audit staff was mobilized and audit missions were launched, with visits to the 25 countries with the greatest activity in national execution to ensure a complete understanding of the requirements by UNDP field offices and governments, and to obtain commitments from governments to effect audit of the 1989 expenditure. All governments visited provided UNDP with either written or verbal commitments to effect the audit. More than 50 per cent of the national execution expenditure for 1989 was accounted for by these governments. In addition to these missions, communications were made with the remaining UNDP field offices explaining and stressing compliance with the audit requirements.

56. These efforts resulted in a dramatic increase in the level of audited statements received. Of the 1989 expenditure of $100.1 million reported in 1990, covering 584 projects from 53 countries, 65 per cent was supported by audit reports. During 1990, audit reports were evaluated and recommendations made for improvements, including the introduction of additional audit scope, development of project management and timely submission of reports. Also, to facilitate the administration and management of audit reports, a computerized database system was installed. The 1990 audit exercise, reported in 1991, evidences a marked improvement over 1989 in terms of compliance, quality of reports received and the volume of audited expenditure. To date, over 72 per cent of the 1990 expenditure has been supported by audit reports.

57. The Administrator is pleased to note that governments, project management and UNDP field offices are becoming more familiar with the stated audit requirements. Sustained effort is needed to build on the work so far achieved, including further improvement in the quality of audit reports and their timely submissions. In this connection, it will be recalled that the Governing Council in paragraph 7 of its decision 91/47, requested the Administrator to discuss with the Board of Auditors, the level of programme expenditure executed by governments acting as executing agencies and supported by audit certification, which would be sufficient to remove the qualification.

58. The Administrator wishes to inform the Governing Council that discussion with the Board of Auditors has been initiated. This is aimed at reaching a mutually acceptable formula that would not only enable the Board to remove its qualification of the UNDP financial statements but one that would assure that each project is subjected to audit once in its lifetime, thus ensuring that the full expenditure for projects executed by governments, starting with the 1992 expenditure, will be supported by audit certification. This may require modifications to existing guidelines and related procedures. The Administrator will keep the Council informed at future sessions of progress achieved.

VII. DECENTRALIZATION

59. Decentralization and delegation of authority are essential to ensure responsiveness to national requirements and cost-effectiveness. In this connection, in addition to the various ongoing efforts at decentralization brought to the attention of the Governing Council (see DP/1992/45), the Administrator is proposing a measure which would harmonize existing approval procedures.

60. Under current procedures, headquarters agreement is required for the execution of a project by a government, irrespective of the size of the project. For nationally executed projects under $700,000 and therefore within the existing approval authority of resident representatives, the projects themselves are approved in the field while the executing arrangement is approved at headquarters. As at the end of 1991, projects (including cost-sharing) approved at headquarters by the Action Committee represented approximately 85 per cent of the total resources approved for national execution.

61. In order to achieve consistency in approval procedures and recognizing that assessment of execution arrangements is an integral part of the appraisal process, the Administrator proposes to delegate to resident representatives authority for the selection of national execution as the modality to be used within the existing delegated approval levels. In making this proposal, the Administrator has taken into account a variety of factors, including (a) the percentage of total approvals this action would involve - approximately 15 per cent, (b) a consideration of the cost-effectiveness of the turn-around time required for headquarters approval of national execution for small-scale projects, and (c) the continuing need for flexible responses at the country level.